

Message Text

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TO AMEMBASSY JAKARTA

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SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO P.T. INTERNATIONAL NICKEL
INDONESIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF \$35 MILLION TO P.T. INTERNATIONAL

NICKEL INDONESIA. RELEASE IS SCHADULED FOR ANNOUNCEMENT IN WASHINGTON
D.C. FOR A.M. PAPERS, FRIDAY, JUNE 20, 1975.

QUOTE: EXIMBANK CREDIT AND GUARANTEE OF \$35 MILLION EACH SUPPORT
\$175 MILLION SALE OF U.S. EQUIPMENT FOR NICKEL PROJECT IN INDONESIA

TO SUPPORT SALES TOTALLING \$175 MILLION OF U.S. EQUIPMENT AND SERVICES

REQUIRED FOR FURTHER DEVELOPMENT OF THE SOROKAO NICKEL DEPOSITS IN
INDONESIA, THE BOARD OF DIRECTORS OF THE EMPORT-IMPORT BANK OF THE
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UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$35 MILLION IN FAVOR

OF P.T. INTERNATIONAL NICKEL INDONESIA (INCO INDONESIA) A SUBSIDIARY OF THE INTERNATIONAL NICKEL COMPANY OF CANADA LIMITED, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF \$35 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED TO COVER ANOTHER 20 PERCENT OF THE U.S. COSTS.

THE PROJECT IS FOR THE SECOND STAGE EXPANSION OF THE NICKEL DEPOSITS ON THE SOUTH SHORE OF LAKE MATANO ON THE ISLAND OF SULAWESI, INDONESIA.

PREVIOUSLY AUTHORIZED EXIMBANK LOANS HELPED FINANCE THE FIRST STAGE OF THE PROJECT.

U.S. PURCHASES WILL INCLUDE MINING AND METALLURGICAL EQUIPMENT AND SERVICES SUCH AS HYDRAULIC EXCAVATOR, BULLDOZERS, FRONT-END LOADERS, ROAD GRADERS, DUMP TRUCKS, PASSENGER BUSES, TRACTOR TRAILER, LUBE TRUCK, ROCK CRUSHER PLANT, AIRTRACK PNEUMATIC DRILLS, PORTABLE AIR COMPRESSORS, DRYING AND ORE PREPARATION PLANT, ELECTRIC FURNACES AND ACCESSORIES, CONVERTER SHOP CRANE, ELECTROSTATIC PRECIPITATOR, AMBULANCE, AND CONSTRUCTION SUPERVISION. FIRM U.S. SUPPLIERS HAVE NOT BEEN SELECTED.

TO COMPLETE THE FINANCING PACKAGE CREDITS TOTALLING \$87.5 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50 PERCENT OF THE U.S. COSTS AND THE BORROWER WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OF U.S. COSTS OR \$17.5 MILLION.

INTEREST ON EXIMBANK'S DIRECT LOAN WILL BE AT 8-1/2 PERCENT PER ANNUM. THIS RATE COMBINES WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES, WHICH IS BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF ABOUT 9 PERCENT.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS BEGINNING JANUARY 10, 1979. EXIMBANK'S CREDIT AND THE GUARANTEED CREDIT WILL BE REPAYED OUT OF THE LAST 8 INSTALLMENTS. UNQUOTE
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